


EXHIBIT 1

INTERIM COLLECTION RULES AND PROCEDURES



**City of Detroit
Water & Sewerage Department**

DETROIT WATER & SEWERAGE DEPARTMENT

INTERIM

COLLECTION RULES AND PROCEDURES

Revised January 22, 2003

CITY OF DETROIT

KWAME M. KILPATRICK, MAYOR

DETROIT WATER AND SEWERAGE

VICTOR M. MERCADO, DIRECTOR

COLLECTION RULES AND PROCEDURES

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WATER COMMISSIONERS ON

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TABLE OF CONTENTS

<u>PART</u>	<u>SUBJECT</u>	<u>PAGE</u>
I	BILLING AND BILLS	1
II	COMPLAINT PROCEDURES	4
III	ADMINISTRATIVE HEARING PROCEDURES	5
IV	SHUT OFF SERVICE	9
	A) Tenants	12
	B) Medical Emergency	12
V	PAYMENT PLAN AGREEMENT	13

PART I. BILLING AND BILLS

Rule 1: Frequency

- (1) Residential accounts and accounts with meters two (2) inches and smaller are billed quarterly, but are approved for monthly billings.

Large volume consumers will be billed monthly. Monthly billed accounts will include meters three (3) inches or larger and large volume accounts, regardless of meter size.

- (2) Bills will be mailed at least twenty (20) calendar days before the due date.
- (3) The service address shall be the billing address. Upon written request, the Detroit Water and Sewerage Department (DWSD) will mail bills to an address other than the service address. It is the responsibility of the owner to keep account mailing information current. An obsolete address will not be a reason for non-payment of the bill.

Rule 2: Rates

- (1) The DWSD will bill accounts using the Rate Schedule approved by the Board of Water Commissioners. Rate Schedules will be provided to a customer upon request.
- (2) Bills will include charges for: water, monthly meter service, sewage disposal, monthly sewage service monthly drainage and, as appropriate, high strength pollutant surcharges, industrial waste control, and monthly fire line service. Bills may also include charges, as appropriate, for water meter repairs, unrecovered meters, illegal usage, meter violations, service line repairs, or any other charges approved by the Board of Water Commissioners.

Rule 3: Actual Reads – Estimated Reads

- (1) The utility will strive to use actual meter reads for billing purposes. Bills will be based upon actual readings obtained from the water meter and/or Outside Reading Device (ORD) by DWSD personnel or from customers via telephone, in person, or by dial postcards marked and returned by the customer, when possible.
- (2) When necessary, bills will be based upon estimated reads by DWSD.

- (3) If a previous bill (s) was based upon an estimated read, all water metered, but not already billed, will be billed when the next actual read is obtained. No adjustment to the consumption billed will be granted if the meter is found to be accurate.
- (4) Upon request and following payment of a Real Estate Closing Read fee, DWSD will secure an actual read from the meter and issue a *guaranteed* closing bill.
- (5) The Customer is solely responsible for all water that flows through the meter. DWSD will not assume responsibility for wastage caused by faulty plumbing, fixtures or pipes.

Rule 4: Payment

- (1) The date the payment is received by DWSD will be the date used for posting purposes.
- (2) Payments received will be applied as credits to the oldest balance(s) shown on the account.

Rule 5: Late Payment

Bills paid after the due date will be charged a five (5) percent late payment charge on the unpaid portion of the current bill and on the following charges, when applicable:

- (a) Meter repair charges
- (b) Service repair charge
- (c) Unrecovered meter charge

Rule 6: Billing Information

(1) Current Bills

Current bills will include the following information:

- (a) Service address
- (b) Mailing address
- (c) Account number
- (d) Account classification

- (e) Number of service months
- (f) Meter size
- (g) Meter read date
- (h) Meter read
- (i) A statement including the bill type
- (j) Consumption in hundred cubic feet
- (k) Previous balance
- (l) Separate charges for water, sewage, and miscellaneous debits and credits as appropriate
- (m) Due date
- (n) Amount to be paid by the due date
- (o) Amount to be paid after the due date

(2) **Delinquent Bills:** DWSD will prepare two (2) delinquent bills as follows:

- (a) **Past Due Notice:** When a current bill is not paid in full by its due date, a notice requesting payment will be issued (11) days after the bill becomes due.
- (b) **Final Notice:** A WATER SHUT OFF-FINAL NOTICE, will be issued when an account is unpaid thirty-two (32) days after the billing date. The notice will be mailed to the service address and mailing address, if applicable. The WATER SHUT OFF – FINAL NOTICE will contain the following information:
 - (a) The address of the property served.
 - (b) A clear and concise statement of the reasons for the proposed shut off.
 - (c) A statement that water will be shut off in ten (10) days, or any time thereafter, unless the customer takes appropriate action.
 - (d) A statement informing the customer of the opportunity to enter into a Payment Plan Agreement (PPA) with DWSD, if the amount of the bill

is not in dispute and the customer is presently unable to pay in full the amount due.

- (e) A statement informing the customer of the right to file a complaint disputing the bill within ten (10) days of the date the “WATER SHUT OFF – FINAL NOTICE” was issued.
- (f) A statement informing the customer of the right to request a Hearing, if the disputed billing cannot be resolved.
- (g) A statement informing the customer of the right to represent himself/herself or to be represented by counselor or other person(s) of his/her choice, at a Hearing.
- (h) A statement informing the customer that service will not be shut off pending resolution of the disputed bill(s).
- (i) The telephone number and address of the Department where the customer may make inquiry, enter into a PPA, or file a complaint.
- (j) A customer who alleges that a serious illness exists, has the right to postpone shut off for 21 days, or have the service restored, if someone living in the house has a medical emergency verified by a statement from a doctor or public health official.

PART II. COMPLAINT PROCEDURES

Rule 7: Complaints and Disputes

It is the customer’s responsibility to inform the utility of any billing dispute. A quarterly billed customer may dispute a bill no later than forty-two (42) days after the billing date. A monthly billed customer may dispute a bill no later than twenty-eight (28) days after the billing date. After the period to dispute expires, the customer forfeits the right to dispute the bill. All amounts not in dispute are due and payable. When a bill is disputed, DWSD will:

- (1) Provide the customer with a copy of the rules and procedures for disputing a bill.
- (2) Record the service address, account number, complainant’s name, telephone number, date and nature of the complaint.
- (3) Reread the meter and examine plumbing fixtures and pipes, if necessary.
- (4) At the request of the customer, test the meter for accuracy. The test will be conducted in the DWSD’s meter shop in accordance with the American Water

Works Association Standards. The customer may witness the meter test. The request to do so must be made at the time that the meter test is requested.

- (5) Allow the meter to be tested in an independent laboratory at the expense of the customer, if DWSD test results are disputed. A representative of DWSD must be present during the testing. The customer is responsible for the meter throughout the testing process.
- (6) Advise the customer in writing of the results of the examination and the right to request a Hearing within ten (10) days if the examination results are disputed.
- (7) Advise the customer that failure to request a Hearing within ten (10) days of the date on which the Hearing was offered, gives DWSD the ability to exercise its rights pursuant to these rules, including termination of service for nonpayment.
- (8) Attempt to resolve the dispute informally and in a manner mutually satisfactory to both parties.

PART III. ADMINISTRATIVE HEARING PROCEDURES

Rule 8: Opportunity for Hearing

- (1) If billing complaints are not resolved to the customer's satisfaction by staff investigation, the customer will be afforded the opportunity for a Hearing before an impartial Hearing Officer. Only the owner of record or a tenant with a valid landlord/tenant agreement may request a Hearing with DWSD.
- (2) A Hearing request must be personally submitted in writing at a DWSD Customer Service Office. All requests for Hearings will be recorded and scheduled by DWSD staff members.
- (3) If the customer fails to request a Hearing within ten (10) days of the date on which the Hearing was offered, then DWSD may exercise its rights pursuant to these rules, including termination of service for nonpayment.
- (4) A customer requesting a Hearing must pay all bills not in dispute, in order to avoid water being shut for nonpayment.
- (5) The DWSD is not required to offer a Hearing more than once for the same billing dispute.

Rule 9: Payment of Undisputed Billings

- (1) A customer requesting a Hearing must pay all bills not in dispute.
- (2) If the customer fails to pay a bill which is not in dispute, DWSD may proceed to shut off the service.
- (3) DWSD may not terminate water services for a customer if the only arrearage on the account is the disputed amount.

Rule 10: Notice of Hearing

- (1) The customer will be notified by certified letter of the time, date, and place of the Hearing at least ten (10) days before the scheduled Hearing. Receipt of the certified letter will serve as date of notification.
- (2) The notice will include a copy of the Collection Rules and Procedures and will further state that the customer must pay subsequent billings which are not in dispute; otherwise, the water may be shut off.
- (3) Current information as to the status of the account will be included with the Hearing notice.
- (4) Hearings will be scheduled by DWSD according to availability of the Hearing Officer(s).

Rule 11: Adjournment

- (1) A complainant who cannot attend a scheduled Hearing must request an adjournment at least 48 hours prior to the scheduled Hearing date.
- (2) Only one (1) adjournment will be granted.
- (3) Failure of the complainant to attend the Hearing as scheduled will constitute a waiver of the right to a Hearing. In this case, the disputed bill becomes due and payable immediately.

Rule 12: Procedure

- (1) The Hearing Procedure shall provide that the complainant and DWSD.
 - (a) have the right to represent themselves or be represented by counsel or other person(s). The customer should notify the DWSD Hearings Unit at least five (5) days prior to the Hearing date if being represented by an attorney;

- (b) have the right to present witnesses, evidence, testimony, and/or written arguments;
 - (c) have the right to question and cross-examine witnesses appearing on behalf of the other party;
 - (d) have the right to examine, no later than two (2) days prior to the Hearing, a list of all witnesses who will testify and have the right to examine all documents, records, files, and other material which may be used at the Hearing. The customer will be charged a nominal fee for copies of records.
- (2) The Hearing shall be held during normal business hours.
 - (3) All witnesses appearing for either party will testify under oath
 - (4) The Hearing shall be informal and will be recorded by DWSD. Person(s) desiring a transcript must furnish their own stenographic service at their expense.

Rule 13: Burden of Proof

- (1) DWSD will have the burden of showing that reasonable grounds exist requiring payment of the disputed bill(s).
- (2) Metered water consumption/usage is reasonable grounds for requiring payment.
- (3) The person(s) who requested the Hearing will have the burden of showing that the disputed bill is incorrect and that sufficient extenuating circumstances exist to prevent water shut off.

Rule 14: Hearing Officers

- (1) Hearing Officers shall be approved by the Board of Water Commissioners.
- (2) Hearing Officers will be qualified arbitrators or attorneys who may be contractually hired by DWSD.
- (3) Upon approval by the Board of Water Commissioners, DWSD will execute a contract to provide that Hearing Officers will be paid for services rendered on a per diem basis, or services will be provided on a pro-bono basis.

Rule 15: Duties of the Hearing Officer

- (1) The Hearing Officer will determine whether or not the customer is liable for the disputed bill.
- (2) The Hearing Officer's decision will be based upon evidence presented at the Hearing and applicable Legislative, Judicial and Administrative Law.
- (3) The Hearing Officer will allow both parties to present their respective positions relative to the dispute.
- (4) The Hearing Officer's decision will be in writing and a copy will be mailed to DWSD, the customer and/or their representatives, within thirty (30) calendar days of the Hearing date.
- (5) The Hearing Officer's decision will state his/her findings and decision in writing, which will include:
 - (a) A concise summary of the evidence and arguments presented.
 - (b) The reasons for the decision, based upon the evidence presented.

Rule 16: Payment Subsequent to Hearing

- (1) If the Hearing Officer rules that DWSD is entitled to a sum of money, the customer will have thirty (30) days after the date on the Hearing Officer's decision to pay the outstanding bill, or enter into a PPA. If payment in full or a PPA has not been made at the end of the 30th day, water service will be shut.
- (2) If the Hearing Officer determines that the customer is liable for all or part of the disputed bill, and the customer is unable to pay the bill in full, DWSD will consider the following factors when negotiating a PPA:
 - (a) the amount due
 - (b) ability to pay
 - (c) other factors which may be relevant to the proposed extended Payment Plan Agreement.

Rule 17: Decision Binding Upon the Parties

The Hearing Officer's decision is binding upon both parties.

Rule 18: Public Access to Procedure

- (1) DWSD will prepare and distribute a pamphlet in laymen's terms summarizing the rights and responsibilities of its customers in accordance with these regulations.
- (2) The pamphlet will be displayed prominently and will be available at all DWSD Customer Service locations.

PART IV. SHUT OFF OF SERVICE

Rule 19: Discontinuation of Service

- (1) Subject to the requirements of these Rules, DWSD may discontinue service, if a bill is not paid within ten (10) days of the date specified as "Notice Date" on the WATER SHUT OFF –FINAL NOTICE, or anytime thereafter.
- (2) Service will not be discontinued on a day immediately preceding a day when DWSD offices will be closed to the general public, for the purpose of making payment and having service restored.

Rule 20A: Shut Off Procedure for Delinquent Water Bill Collectors

- (1) Upon arriving at the premises, the Delinquent Water Bill Collector (DWBC) will identify himself/herself to the customer or other responsible person residing on the premises and request payment of the delinquent amount.
- (2) The DWBC will have in his or her possession the past due water account of the customer. The DWBC will request verification that the outstanding bill(s) have been paid; a valid PPA has been entered into, or that the bill is in dispute. Upon presentation of such evidence, service will not be shut off.
- (3) If there is no verification that the outstanding bill(s) have been paid or other such evidence, the DWBC will be authorized to accept payment of the outstanding delinquent bill(s). Payment may be made by cash, money order, or personal check. However, payment by personal check will not be accepted if on a previous occasion, within the past twelve months, the customer's check or other instrument for payment was returned for any reason by the institution upon which it was drawn.
- (4) If the customer is unable to pay the outstanding bill(s), the DWBC will shut off the water and leave notice upon the premises, in a manner conspicuous to the customer that the service has been shut off. The notice will include the address and telephone number where the customer may pay the bill to have the

service restored. Full payment of the delinquent amount and any associated fees are due, in order to restore the service.

- (5) If the water is not shut, the DWBC will leave notice upon the premises, in a manner conspicuous to the customer stating that the account will be referred to the DWSD Field Service Representatives or Maintenance and Repair personnel for shut off at a later date.
- (6) The DWBC will post a notice upon the premises in a conspicuous location regarding the proposed shut off of water to a multiple-unit apartment, if the delinquent balance is not paid in ten (10) days.
- (7) A site visit fee, in the amount specified in the schedule of rates, will be assessed when a DWBC is sent to the premises.

Rule 20B: Shut Off Procedure for Field Service Representatives

- (1) Upon arriving at the premises, the Field Service Representative (FSR) will identify himself/herself to the customer or other responsible person residing on the premises.
- (2) The FSR will have in his or her possession the past due account of the customer. The FSR will request verification that the outstanding bill(s) have been paid; a PPA entered into, or that the bill is in dispute. Upon present of such evidence, service will not be shut off.
- (3) If there is no verification that the outstanding bill(s) have been paid or other such evidence, the FSR will shut off the water and leave notice upon the premises, in a manner conspicuous to the customer, that the service has been shut off. The notice will include the address and telephone number where the customer may pay the bill to have the service restored. Full payment of the delinquent amount and any associated fees are due, in order to restore the service
- (4) If the water is not shut, the FSR will leave a notice at the premises, in a manner conspicuous to the customer stating that the account will be referred to DWSD Maintenance and Repair personnel for shut off at a later date.
- (5) The FSR will post a notice upon the premises in a conspicuous location regarding the proposed shut off of water to a multiple-unit apartment, if the delinquent balance is not paid in ten (10) days. Full payment of the delinquent amount and any associated fees are due, in order to restore the service.
- (6) A site visit fee, in the amount specified in the schedule of rates, will be assessed when a FSR is sent to the premises.

Rule 21: Turn On

- (1) Following a shut off and upon full payment of the delinquent amount, service will be restored by DWSD within twenty-four (24) hours.
- (2) Service will not be turned on in the absence of a responsible person at the premises.
- (3) A turn-on fee, in the amount specified in the schedule of rates, will be assessed when service is restored following shut off for non-payment.

Rule 22: Tampering with DWSD Property

No person other than an authorized representative of DWSD shall at any time or in any manner operate or cause to be operated any valve in or connected with a water main, water service, or fire hydrant, or tamper with or otherwise interfere with any water meter, detector check valve, or other part of the water system.

Unauthorized tampering with DWSD equipment, property or fixtures will result in prosecution under Michigan Public Act 37-1984, Michigan Compiled Laws Annotated, section 750.282 and application of such other sanctions as may be approved by the Board of Water Commissioners of the City of Detroit.

Rule 23: Penalty for Unauthorized Use of Water

No person, other than an authorized representative of DWSD may turn water on or cause water to be turned on at the control box, or at a meter valve which has been turned off and sealed by the Department. A penalty charge for violation of this rule will be assessed for such unauthorized use of water service. The penalty charge shall be computed by applying double the effective water rate to the consumption registered on the meter or estimated by DWSD, for the period of unauthorized usage as determined by the DWSD. Additionally, other sanctions may occur as approved by the Board of Water Commissioners including prosecution under Michigan Public Act 37-1984 and Michigan Compiled Laws Annotated, section 750.282.

Rule 24: Grounds for Shut Off

- (1) Subject to the requirements of these Rules, DWSD may shut off service, with notice, to a customer for the following reasons:
 - (a) nonpayment of a delinquent balance, provided that DWSD has notified the customer of the delinquency and made diligent effort to have the

customer pay the outstanding or delinquent balance, either in whole or through a reasonable PPA.;

- (b) fraud or misrepresentation in obtaining water service;
 - (c) unauthorized tampering with pipes, meter by-pass seals, meter by-passes, water or sewer meters or other equipment of DWSD;
 - (d) where the furnishing of service would be in contravention of any orders, laws, or ordinances of the Federal Government, State of Michigan or Municipal Law;
 - (e) failure to comply with the terms and conditions of a PPA;
 - (f) refusal of the customer to grant DWSD access, at reasonable times, to its equipment for the purpose of inspecting the meter, meter reading, maintenance, or replacement.
- (2) Service may be shut off without notice for reasons of health, safety, or state of emergency. In the event DWSD has advance knowledge of a proposed emergency shut off, customers will be notified, if possible.

Rule 25: Shut Off of Service to Tenants

- (1) DWSD may shut off service to a tenant in the absence of a PPA or valid Landlord Tenant Agreement, when the account is more than one bill delinquent.
- (2) Where the responsibility for payment is with the landlord, the tenant has the right to continue service in accordance with the following provisions:
 - (a) Within ten (10) days of receiving notice of the proposed shut off, the tenant must contact DWSD to have service continued.
 - (b) Service shall be continued if the tenant executes a statement indicating responsibility for all future bills, pays the required deposit and provides the documentation required by DWSD.
 - (c) If the tenant fails to pay future bills as agreed, DWSD may proceed with the shut off.
 - (d) If the tenant signs a statement agreeing to pay future bills, the tenant shall be afforded all the rights and protections as set forth in these rules and procedures.

Rule 26: Medical Emergency

- (1) Notwithstanding any other provision of these rules, DWSD shall not shut off or refuse to restore service to a customer, if the shut off will aggravate a medical emergency of anyone residing in the home.
- (2) Upon the customer informing DWSD of a medical emergency, the customer will be required to provide documentation from a physician or public health official. When such documentation is submitted and approved by DWSD personnel, a twenty-one (21) day extension will be given and a payment plan agreement will be made that will commence at the expiration of twenty-one (21) day extension.

PART V. PAYMENT PLAN AGREEMENT

Rule 27: Right of Customer to be Offered Payment Plan Agreement

DWSD may negotiate a reasonable PPA with a customer when extenuating circumstances exist and payment in full cannot be made.

- (1) Payment Plan in Writing – PPA’S will be in writing on the Payment Plan Agreement form and will indicate:
 - (a) account number
 - (b) service address
 - (c) amount due
 - (d) billing period ending date
 - (e) down payment required
 - (f) payment amounts and frequency
 - (g) payment due dates
 - (h) customer address and telephone number
 - (i) customer name
 - (j) customer signature
 - (k) authorized DWSD signature
- (2) Confirmation of Telephone Payment Plan Agreement
 - (a) A DWSD representative and a customer may discuss the terms of an extended PPA over the telephone.
 - (b) Such an agreement will not take effect until it has been put in writing and signed in accordance with Rule 27-1.
- (3) The PPA will be mailed to the customer with instructions to sign a confirming copy and return it in a pre-paid, self-addressed envelope provided by DWSD.

- (4) The PPA will be signed by the customer and the DWSD representative who is authorized to enter into the agreement.
- (5) The PPA shall contain in bold type, the following information:

IF YOU ARE NOT SATISFIED WITH THIS AGREEMENT, DO NOT SIGN IT. YOU MAY FILE FOR A HEARING AND HAVE A HEARING BEFORE YOUR SERVICE MAY BE SHUT OFF. HOWEVER, IF YOU SIGN THIS AGREEMENT AND FAIL TO FOLLOW IT, YOUR SERVICE MAY BE SHUT OFF AND YOU MAY BE DENIED THE OPPORTUNITY TO MAKE FUTURE AGREEMENTS.

- (6) DWSD will shut off service provided that the terms of the PPA are not met by the customer.
- (7) DWSD shall offer to the customer a PPA which is reasonable. For the purposes of determining reasonableness under these rules, the parties shall consider the factors set forth in Rule (16).

Rule 28: Default of Payment Plan Agreement

- (1) If a customer fails to comply with the terms and conditions of a PPA, DWSD may discontinue service after notifying the customer by telephone or first class mail. The default notice shall contain the following information.
 - (a) a statement that the customer is delinquent or did not otherwise comply with the terms of the PPA;
 - (b) a statement that unless missed payment(s) is made within ten (10) days of the DEFAULT NOTICE date, DWSD will shut off service;
 - (c) the date, or reasonable time period thereafter, within which service is disconnected;
 - (d) a statement that the customer has a right to request a Hearing before an impartial Hearing officer if the customer alleges the Department failed or refused to follow the terms of the PPA;
 - (e) an address and a telephone number where the customer may file a request a Hearing.
- (2) DWSD is not required to offer a PPA more than once for the same billing charges.

PART VI. MISCELLANEOUS

Rule 29: Final Determination

DWSD may treat a decision or resolution of a particular dispute or claim as a final determination and is not required to comply with these Rules more than once with respect to the same facts and issues.

Rule 30: Obligation of Owners to Pay

Except as provided by Rule 15, nothing contained in these rules shall be construed as relieving the owner of properties served by DWSD from the responsibility of paying all charges for services billed.

As provided by Michigan Statute, MCL 123.162 and Ordinance Number 106-D of the City of Detroit, water rates, assessments or charges of the Board of Water Commissioners are a lien against the property served.